

# SENATE, No. 708

---

## STATE OF NEW JERSEY 217th LEGISLATURE

---

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

**Sponsored by:**

**Senator ROBERT M. GORDON**

**District 38 (Bergen and Passaic)**

**Senator LORETTA WEINBERG**

**District 37 (Bergen)**

**SYNOPSIS**

Provides transparency and accountability reforms at PANYNJ; modifies governance structure; provides legislative oversight of PANYNJ; and regulates capital planning process.

**CURRENT VERSION OF TEXT**

As introduced.



1   **AN ACT** concerning reforms to the Port Authority of New York and  
 2       New Jersey, amending various parts of statutory law, and  
 3       supplementing Title 32 of the Revised Statutes.

4  
 5       **BE IT ENACTED** *by the Senate and General Assembly of the State*  
 6 *of New Jersey:*

7  
 8       1. (New section) This act shall be known and may be cited as  
 9       the "Port Authority of New York and New Jersey Transparency and  
 10      Accountability Act."

11  
 12      2. R.S.32:1-5 is amended to read as follows:

13      **ARTICLE IV.**

14      Commissioners. The port authority shall consist of twelve  
 15      commissioners--six resident voters from the state of New York, at  
 16      least four of whom shall be resident voters of the city of New York,  
 17      and six resident voters from the state of New Jersey, at **[lest [least]]**  
 18      least four of whom shall be resident voters within the New Jersey  
 19      portion of the district, the New York members to be chosen by the  
 20      state of New York and the New Jersey members by the state of New  
 21      Jersey in the manner and for the terms fixed and determined from  
 22      time to time by the legislature of each state respectively, except as  
 23      herein provided.

24      Each commissioner may be removed or suspended from office as  
 25      provided by the law of the state from which he shall be appointed.  
 26      (cf: R.S.32:1-5)

27  
 28      3. (New section) Officers.

29      a. The officers of the port authority shall be a chairperson, a vice  
 30      chairperson, a chief executive officer, a general counsel, a chief  
 31      financial officer, a chief ethics and compliance officer, an inspector  
 32      general, a treasurer, a comptroller, and a secretary. Beginning upon  
 33      the next hiring of a chief executive officer but no later than a year  
 34      from the effective date of P.L.     , c.     (C.     ) (pending before the  
 35      Legislature as this bill), the positions of chairperson and vice  
 36      chairperson shall be rotated for a term of two years among  
 37      commissioners appointed by New York and New Jersey, with a  
 38      chairperson elected first from among those commissioners  
 39      appointed by the Governor of New York and a vice chairperson  
 40      elected first from among those commissioners appointed by the  
 41      Governor of New Jersey, after which the next chairperson shall be  
 42      elected from among those appointed by the Governor of New Jersey  
 43      and the next vice chairperson shall be elected from among those  
 44      appointed by the Governor of New York and thereafter the positions  
 45      of chairperson and vice chairperson shall rotate every two years in

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
 not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 the same order as established herein provided that the failure of the  
2 board of commissioners to elect a new chairperson and vice  
3 chairperson shall not prevent the rotation of the positions of  
4 chairperson and vice chairperson to the next succeeding state.

5 b. No commissioner, including the chairperson, shall serve as  
6 the port authority's chief executive officer, general counsel, chief  
7 financial officer, chief ethics and compliance officer, inspector  
8 general, or comptroller, or hold any other equivalent position while  
9 serving as a commissioner.

10  
11 4. (New section) Role and responsibilities of commissioners.

12 a. The commissioners shall promulgate a commissioner's oath of  
13 office in consultation with the chief ethics and compliance officer.

14 b. At the time that a commissioner of the port authority takes  
15 and subscribes the commissioner's oath of office, or within sixty  
16 days after the effective date of P.L. , c. (C. ) (pending  
17 before the Legislature as this bill) if the commissioner has already  
18 taken and subscribed the commissioner's oath of office, the  
19 commissioner shall execute a statement declaring that the  
20 commissioner understands the commissioner's independence and  
21 fiduciary obligation to perform duties and responsibilities to the  
22 best of the commissioner's abilities, in good faith and with proper  
23 diligence and care which an ordinarily prudent person in like  
24 position would use under similar circumstances and may take into  
25 consideration the views and policies of any elected officials or  
26 bodies and ultimately apply independent judgment in the best  
27 interest of the port authority, its mission, and the public, consistent  
28 with the enabling compact, mission, and by-laws of the port  
29 authority and the applicable laws of both states; and that the  
30 fiduciary duty to the port authority is derived from and governed by  
31 its mission.

32 c. Individuals appointed to the board of commissioners shall  
33 participate in training approved by the chief ethics and compliance  
34 officer in consultation with the inspector general of the port  
35 authority regarding their legal, fiduciary, financial and ethical  
36 responsibilities as directors of an authority within six months of  
37 appointment to the authority. The commissioners shall participate in  
38 continuing training as may be required to remain informed of best  
39 practices, regulatory and statutory changes relating to the effective  
40 oversight of the management and financial activities of public  
41 authorities and to adhere to the highest standards of responsible  
42 governance.

43 d. (1) A commissioner shall not vote on or participate in any  
44 board or committee discussions or decisions with respect to an item  
45 if the commissioner, a member of the commissioner's immediate  
46 family, or a business in which the commissioner has an interest has  
47 a direct or indirect financial involvement that may reasonably be  
48 expected to impair the commissioner's objectivity or independent

1 judgment or that may reasonably create the appearance of  
2 impropriety. A commissioner shall report such a need for recusal to  
3 the general counsel when it arises. The public shall be informed of  
4 any recusals prior to any board action and the minutes shall clearly  
5 reflect that recusal.

6 (2) For the purposes of this subsection, the terms:

7 "immediate family" shall mean: a spouse, parent, child, or  
8 sibling; and

9 "interest" shall mean: if the business organization is a  
10 partnership, the board member or the board member's immediate  
11 family is a partner or owner of 10 percent or more of the assets of  
12 the partnership, or if the business organization is a corporation, the  
13 board member or the board member's immediate family owns or  
14 controls 10 percent or more of the stock of the corporation, or  
15 serves as a director or officer of the corporation.

16 e. (1) Notwithstanding any other provision of law to the  
17 contrary, the commissioners, officers, and employees of the port  
18 authority shall file annual financial disclosure statements as  
19 provided in this section.

20 (2) (a) The commissioners appointed by the Governor of the  
21 state of New York shall file annual financial disclosure statements  
22 pursuant to section 73-a of the public officers law.

23 (b) The commissioners appointed by the Governor of the state  
24 of New Jersey shall file annual financial disclosure statements as  
25 required by New Jersey State law or executive order.

26 (c) In addition to the financial disclosures required of the  
27 commissioners, financial disclosures of employees shall, at a  
28 minimum, be required of the chief executive officer, the chief ethics  
29 and compliance officer, the chief financial officer, the general  
30 counsel, the comptroller, treasurer, and the inspector general,  
31 employees who hold policy-making positions as determined by the  
32 general counsel of the port authority, and employees whose base  
33 salary, either in the current or previous year, exceeds \$150,000,  
34 which amount shall be adjusted for inflation annually in accordance  
35 with the consumer price index for all urban wage earners and  
36 clerical workers (CPI-W) as calculated by the federal government.  
37 These financial disclosures shall be updated not less than annually  
38 and shall be made available on the port authority's website.

39 f. The board of commissioners shall:

40 (1) adopt a mission statement that the port authority's mission is  
41 to meet the critical transportation infrastructure needs of the bi-state  
42 region's people, businesses, and visitors by providing the highest  
43 quality and most efficient transportation and port commerce  
44 facilities and services to move people and goods within the region,  
45 provide access to the nation and the world, and promote the region's  
46 economic development;

47 (2) adopt a code of conduct applicable to commissioners,  
48 employees, and vendors and other contractors with the port

1 authority based upon the recommendations of the chief ethics and  
2 compliance officer that shall, at minimum, include the applicable  
3 standards established by law in each state;

4 (3) establish a whistleblower access and assistance program  
5 protecting employees from retaliation for disclosing information  
6 concerning acts of wrongdoing, misconduct, malfeasance, or other  
7 inappropriate conduct based upon the recommendations of the chief  
8 ethics and compliance officer;

9 (4) establish a policy requiring all commissioners, officers, and  
10 employees with decision-making authority to maintain records  
11 regarding contact with lobbyists.

12 As used in this paragraph:

13 (a) "contact" means any conversation, in person or by  
14 telephonic or other electronic means, or correspondence between  
15 any lobbyist engaged in the act of lobbying and any person within  
16 the port authority who can make or influence a decision on the  
17 subject of the lobbying on the behalf of the port authority, and shall  
18 include, at a minimum, all members of the board of commissioners  
19 and all officers of the port authority;

20 (b) "lobbyist" shall have the same meaning as defined in the  
21 laws, rules or regulations of either state; and

22 (c) "lobbying" shall mean and include any attempt to influence:  
23 the adoption or rejection of any rule or regulation having the force  
24 and effect of law by the port authority; the outcome of any  
25 proceeding by the port authority to establish, levy or collect fees,  
26 tolls, charges or fares; and the authorization, approval or award of  
27 any agreements, contracts or purchase orders, including any  
28 settlement of port authority claims, or any extension, amendment or  
29 modification of any existing agreement, contract or order; and

30 (5) have an efficiency study of the port authority and its  
31 operations conducted by an independent entity within three years of  
32 the effective date of P.L. , c. (C. ) (pending before the  
33 Legislature as this bill) and thereafter upon the request of the  
34 governors of New York and New Jersey, and if no request is made,  
35 no later than three years after the most recent efficiency study was  
36 conducted.

37  
38 5. (New section) Committee.

39 a. The board of commissioners shall establish a committee  
40 structure that shall include, but need not be limited to, the following  
41 responsibilities:

42 (1) a governance responsibility to be assigned to a committee  
43 comprised of not fewer than three commissioners, who shall  
44 constitute a majority on the committee, and who shall possess the  
45 necessary skills to undertake the governance duties and functions.  
46 It shall be the responsibility of the members of this committee to:  
47 keep the board informed of current best governance practices;  
48 review corporate governance trends; update the port authority's

1 corporate governance principles; examine ethical and conflict of  
2 interest issues; perform board self-evaluations; investigate term  
3 limits, reappointments, and board responsibilities; develop by-laws  
4 which include rules and procedures for the conduct of board  
5 business; and advise the port authority on the skills and experiences  
6 required of potential commissioners;

7 (2) an audit responsibility to be assigned to a committee  
8 comprised of not fewer than three commissioners, who shall  
9 constitute a majority on the committee, and who shall possess the  
10 necessary skills to undertake the audit duties and functions. It shall  
11 be the responsibility of the members of this committee to:  
12 recommend to the board the hiring of an independent firm of  
13 certified public accountants to audit the financial statements of the  
14 port authority; establish the compensation to be paid to the  
15 accounting firm; and provide direct oversight of the annual  
16 independent financial audit performed by the accounting firm hired  
17 for auditing purposes. Members of this committee shall be familiar  
18 with corporate financial and accounting practices and shall be  
19 financially literate about applicable financial laws, rules,  
20 regulations, and standard industry practices; and

21 (3) a finance responsibility to be assigned to a committee  
22 comprised of not fewer than three commissioners, who shall  
23 constitute a majority on the committee, and who shall possess the  
24 necessary skills to undertake the finance duties and functions. It  
25 shall be the responsibility of the members of this committee to  
26 oversee and approve the issuance of debt that the port authority or  
27 its subsidiaries issue.

28 b. Every committee established by the board of commissioners  
29 shall promulgate a written charter to be approved by the board.  
30 Each charter promulgated in accordance with this section shall be  
31 made available to the public and posted on the port authority's  
32 website.

33  
34 6. (New section) Whistleblower access and assistance program.

35 a. The chief ethics and compliance officer shall recommend to  
36 the board of commissioners a whistleblower access and assistance  
37 program to be administered by the inspector general which shall  
38 include, but not be limited to:

39 (1) establishing toll-free telephone and facsimile lines available  
40 to employees;

41 (2) offering advice regarding employee rights under applicable  
42 state and federal laws and advice and options available to all  
43 persons; and

44 (3) offering an opportunity for employees to identify concerns  
45 regarding any issue at the port authority.

46 Any communication between an employee and the inspector  
47 general pursuant to this section shall be held strictly confidential by  
48 the inspector general, unless the employee specifically waives in

1 writing the right to confidentiality, except that such confidentiality  
2 shall not exempt the inspector general from disclosing such  
3 information, where appropriate, to the board of commissioners  
4 and/or any law enforcement authority.

5 b. The port authority shall not fire, discharge, demote, suspend,  
6 threaten, harass, or discriminate against an employee because of the  
7 employee's role as a whistleblower, insofar as the actions taken by  
8 the employee are legal.

9 c. As used in this section:

10 (1) "Employees" means those persons employed at the port  
11 authority, including but not limited to: full-time and part-time  
12 employees, those employees on probation, and temporary  
13 employees.

14 (2) "Whistleblower" means any employee of the port authority  
15 who discloses information concerning acts of wrongdoing,  
16 misconduct, malfeasance, or other inappropriate behavior by an  
17 employee or board member of the port authority, including, but not  
18 limited to, such acts concerning the port authority's investments,  
19 travel, acquisition of real or personal property, the disposition of  
20 real or personal property, or the procurement of goods and services.

21  
22 7. (New section) Inspector general.

23 a. The inspector general shall be responsible for receiving and  
24 investigating, where appropriate, all complaints regarding fraud,  
25 waste, and abuse by commissioners, officers, and employees of the  
26 port authority or third-parties doing business with the port  
27 authority. The inspector general shall also be responsible for  
28 conducting investigations upon the inspector general's own  
29 initiative, as the inspector general shall deem appropriate.

30 b. The inspector general shall inform the board of  
31 commissioners and the chief executive officer of allegations  
32 received by the inspector general and the progress of investigations  
33 related thereto, unless special circumstances require confidentiality.

34 c. The inspector general shall determine with respect to  
35 allegations received by the inspector general whether disciplinary  
36 action or civil prosecution by the port authority is appropriate, and  
37 whether the matter should be referred to an appropriate  
38 governmental agency for further action.

39 d. The inspector general shall prepare and make available to  
40 the public written reports of completed investigations, as  
41 appropriate and to the extent permitted by law, subject to redactions  
42 to protect a need for confidentiality. The release of all or portions  
43 of reports may be deferred to protect the confidentiality of ongoing  
44 investigations.

45 e. The inspector general shall have the power to:

46 (1) administer oaths or affirmations and examine witnesses  
47 under oath;

- 1 (2) require the production of any books and papers deemed
- 2 relevant or material to any investigation, examination or review;
- 3 (3) notwithstanding any law to the contrary, examine and copy
- 4 or remove documents or records of any kind prepared, maintained
- 5 or held by the port authority and its subsidiaries;
- 6 (4) interview any officer or employee of the port authority or its
- 7 subsidiaries on any matter related to the performance of such officer
- 8 or employee's official duties. To the extent that the terms and
- 9 conditions of employment of any employee are established by
- 10 collective negotiations, any interview conducted pursuant to this
- 11 paragraph must be in accordance with any applicable provisions of
- 12 the current, or most recent, if expired, collective negotiations
- 13 agreement covering the terms and conditions of employment of the
- 14 employee;
- 15 (5) monitor the implementation by the port authority of any
- 16 recommendations made by the inspector general; and
- 17 (6) perform any other functions that are necessary or appropriate
- 18 to fulfill the duties and responsibilities of office.
- 19
- 20 8. (New section) Open meetings.
- 21 a. All meetings of the port authority shall be open to the public
- 22 and members of the news media, individually and collectively, for
- 23 the purpose of observing the full details of all phases of the
- 24 deliberation, policy-making, and decision-making of the board,
- 25 except for an executive session initiated upon a majority vote taken
- 26 in an open meeting pursuant to a motion. The board of
- 27 commissioners may exclude the public only from that portion of a
- 28 meeting at which the board of commissioners discusses any:
- 29 (1) matter in which the release of information would impair a
- 30 right to receive funds from the government of the United States;
- 31 (2) material the disclosure of which would constitute an
- 32 unwarranted invasion of individual or personal privacy;
- 33 (3) collective bargaining agreement, or the terms and conditions
- 34 which are proposed for inclusion in any collective bargaining
- 35 agreement, including the negotiation of the terms and conditions
- 36 thereof with employees or representatives of employees of the port
- 37 authority;
- 38 (4) matter involving the purchase, lease, or acquisition of real
- 39 property with port authority funds, the proposed acquisition of
- 40 securities, the sale or exchange of securities held by the port
- 41 authority, or the investment of port authority funds, if public
- 42 discussion of the matter would adversely affect the public interest;
- 43 (5) matter which would imperil the public safety if disclosed;
- 44 (6) pending or anticipated litigation or contract negotiation in
- 45 which the port authority is, or may become, a party, or matters
- 46 falling within the attorney-client privilege, to the extent that
- 47 confidentiality is required for the attorney to exercise the attorney's
- 48 ethical duties as a lawyer;



- 1 (7) contract negotiations disclosure of which would imperil the  
2 port authority's position or an outcome in the best interest of the  
3 authority, its mission, and the public;
- 4 (8) matter involving the employment, appointment, termination  
5 of employment, terms and conditions of employment, evaluation of  
6 the performance of, promotion or disciplining of any specific  
7 prospective officer or employee or current officer or employee  
8 employed or appointed by the port authority, unless all the  
9 individual employees or appointees whose rights could be adversely  
10 affected request in writing that the matter or matters be discussed at  
11 a public meeting; or
- 12 (9) deliberation of the port authority occurring after a public  
13 hearing that may result in the imposition of a specific civil penalty  
14 upon the responding party or the suspension or loss of a license or  
15 permit belonging to the responding party as a result of an act or  
16 omission for which the responding party bears responsibility.
- 17 b. The port authority shall make meeting agendas available to  
18 the public at least 72 hours before each meeting of the board and  
19 each meeting of each committee. In addition, the port authority  
20 shall send via electronic mail the agenda and public documents  
21 pertaining to a board or committee meeting to the public  
22 information office of each state's legislature at least 72 hours before  
23 the meeting. Public notice of the time and place of a meeting shall  
24 be provided to appropriate media outlets, shall be conspicuously  
25 posted in one or more designated areas, and shall be conspicuously  
26 posted via the port authority's official website at least five business  
27 days before the meeting.
- 28 c. The port authority shall make available to the public  
29 documents in the following manner: the agenda and public  
30 documents pertaining to a board or committee meeting shall be  
31 available for public inspection at an office of the port authority; and  
32 the agenda and public documents pertaining to a board or  
33 committee meeting shall be posted on the port authority's website.
- 34 d. At each public meeting of the board and at each public  
35 meeting of each committee, the public shall be allotted at least 30  
36 minutes to speak on any topic on the agenda. The board or  
37 committee shall expand the comment time when necessary to  
38 provide a reasonable opportunity for the public to comment. The  
39 public speaking period shall take place prior to any board or  
40 committee action.
- 41 e. The port authority shall keep reasonably comprehensible  
42 minutes of all its meetings showing the time and place, the members  
43 present, the subjects considered, the actions taken, and the vote of  
44 each member. The minutes shall be available to the public within  
45 two weeks from the date of the meeting to the extent that public  
46 disclosure shall not be inconsistent with subsection a. of this  
47 section. The minutes shall indicate for each item on the agenda the  
48 vote or recusal of each board member in attendance at an open

1 meeting, or an executive session of the board or a committee of the  
2 board. Each item on the agenda shall be voted on separately.

3  
4 9. (New section) Barrier-free access.

5 The port authority shall make or cause to be made all reasonable  
6 efforts to ensure that meetings are held in facilities that permit  
7 barrier-free physical access to people with disabilities. If the board  
8 determines to use video conferencing or similar technology to  
9 conduct its meeting, it shall provide an opportunity for the public to  
10 attend, listen and observe such a meeting.

11  
12 10. Section 2 of P.L.1991, c.395 (C.32:1-6.2) is amended to read  
13 as follows:

14 2. As used in this act:

15 a. "Board" means the Board of Commissioners of the Port  
16 Authority of New York and New Jersey.

17 b. "Committee" or "committees" means any standing committee  
18 established by the board tasked with, including, but not limited to,  
19 the audit responsibility, governance responsibility and finance  
20 responsibility required to be established pursuant to P.L. ,  
21 c. (C. ) (pending before the Legislature as this bill).

22 c. "Meeting" means any gathering, whether corporeal or by  
23 means of communication equipment, which is attended by, or open  
24 to, the board, held with the intent, on the part of the board members  
25 present, to discuss or act as a unit upon the specific public business  
26 of the authority. "Meeting" does not mean a gathering (1) attended  
27 by less than an effective majority of the board, or (2) attended by or  
28 open to all the members of three or more similar public bodies at a  
29 convention or similar gathering.

30 **[c.]** d. "News media" means persons representing major wire  
31 services, television news services, radio news services and  
32 newspapers, whether located in the state of New York or New  
33 Jersey or any other state.

34 e. "Public business" means matters which relate in any way,  
35 directly or indirectly, to the performance of the functions of the Port  
36 Authority of New York and New Jersey or the conduct of its  
37 business.

38 (cf: P.L.1991, c.395, s.2)

39  
40 11. Section 3 of P.L.1991, c.395 (C.32:1-6.3) is amended to read  
41 as follows:

42 3. a. The board shall, within six months of the effective date of  
43 P.L. , c. (C. ) (pending before the Legislature as this bill),  
44 adopt [and promulgate] appropriate rules and regulations  
45 concerning proper notice to the public and the news media of its  
46 meetings and the right of the public and the news media to be  
47 present at meetings of the authority. The board may incorporate in

1 its rules and regulations conditions under which it may exclude the  
2 public from a meeting or a portion thereof.

3 b. Any rules or regulations adopted hereunder shall become a  
4 part of the minutes of the Port Authority of New York and New  
5 Jersey and shall be subject to the approval of the Governor of New  
6 Jersey and the Governor of New York.

7 (cf: P.L.1991, c.395, s.3)

8  
9 12. (New section) ARTICLE VII-B

10 Needs assessment. The port authority shall require that a needs  
11 assessment be conducted by an independent entity prior to any  
12 increase in tolls for the use of any port authority bridge or tunnel, or  
13 fares for the use of the port authority trans-Hudson corporation rail  
14 system. The assessment shall be presented by the independent entity  
15 to the board of commissioners at a public meeting to be held at least  
16 90 days prior to any meeting of the board of commissioners to vote  
17 for any increase in the tolls for the use of any port authority bridge  
18 or tunnel, or fares for the use of the port authority trans-Hudson  
19 corporation rail system.

20  
21 13. (New section) Public hearings.

22 Not less than 30 days and not more than 90 days prior to any  
23 vote or action taken by the board of commissioners relating to any  
24 increase in the tolls for the use of any port authority bridge or  
25 tunnel, or fares for the use of the port authority trans-Hudson  
26 corporation rail system, the port authority shall conduct at least six  
27 public hearings in the manner prescribed as follows:

28 a. Locations for public hearings shall be selected in such a way  
29 as to be geographically accessible to a majority of users of the  
30 facility or facilities to be impacted by the toll or fare increase, as  
31 determined by port authority data, provided that at least one hearing  
32 shall be held in each state.

33 b. At least 72 hours before the first hearing held pursuant to this  
34 section, the port authority shall make the following information  
35 available to the public, including posting on the port authority's  
36 official website:

37 (1) a written explanation of why the increase in tolls or fares is  
38 necessary;

39 (2) the amount of revenue expected to be generated from the  
40 increase in tolls or fares; and

41 (3) a detailed explanation of how the revenues raised from the  
42 increase in tolls or fares is expected to be spent.

43 c. Each hearing shall be attended by at least two commissioners  
44 from New York and two commissioners from New Jersey in office  
45 at the time of the hearing.

46 d. The port authority shall hold no more than one public hearing  
47 in a single day, and at least one-half of the public hearings shall be

1 scheduled to begin after 6:30 p.m., Eastern Standard Time, on a  
2 weekday.

3 e. The port authority shall ensure that each of the requirements  
4 set forth in this section shall be complied with before placing on the  
5 meeting agenda of the board of commissioners any item or matter  
6 relating to an increase in tolls or fares.

7  
8 14. (New section) a. The port authority, at the request of the  
9 Assembly or Senate of the New York state legislature or the  
10 General Assembly or Senate of the New Jersey state legislature,  
11 shall be required to appear before a committee of the requesting  
12 state legislative house, upon request by the presiding officer of that  
13 state legislative house, to present testimony on any topic or subject  
14 requested by the committee or to respond to questions by members  
15 of the committee. The Assembly of the New York state legislature,  
16 the Senate of the New York state legislature, the General Assembly  
17 of the New Jersey state legislature, and the Senate of the New  
18 Jersey state legislature shall each be entitled to two such requests  
19 per calendar year.

20 b. Unless otherwise agreed to by the presiding officer of the  
21 state legislative house requesting the appearance of the port  
22 authority, the port authority shall, at a minimum, be represented by  
23 the chair or vice-chair of the board, chief executive officer, the  
24 chief financial officer, and any staff deemed necessary by the chair  
25 or vice-chair of the board, chief executive officer, or the chief  
26 financial officer to present testimony or respond to questions at any  
27 appearance required pursuant to this section. The presiding officer  
28 may request the appearance of any officer or employee of the port  
29 authority. For purposes of this section, as applicable to New York  
30 state “presiding officer” shall mean speaker of the Assembly of the  
31 New York state legislature or temporary president of the Senate of  
32 the New York state legislature. For purposes of this section, as  
33 applicable to the State of New Jersey “presiding officer” shall mean  
34 the President of the Senate or the Speaker of the General Assembly  
35 of the State of New Jersey.

36  
37 15. (New section) Subsidiaries of the port authority.

38 a. The port authority shall provide notice to the governor of  
39 each state, the majority leader of each house of the legislature of  
40 each state, the Chair of the Senate Finance Committee of New  
41 York, the Chair of the Senate Budget and Appropriations  
42 Committee of New Jersey, the Chair of the Assembly Ways and  
43 Means Committee of New York, and the Chair of the Assembly  
44 Budget Committee of New Jersey that it will be creating a  
45 subsidiary no less than 60 days prior to the formation of the  
46 subsidiary.

47 b. The creation of a subsidiary corporation shall be approved  
48 by the board of commissioners.

1 c. Within 60 days of the effective date of P.L. , c. (C. )  
2 (pending before the Legislature as this bill), and on or before the  
3 first day of January of each year annually thereafter, any subsidiary  
4 corporation, in cooperation with the port authority, shall provide to  
5 the governor and legislature of each state a report on the subsidiary  
6 corporation. The report shall include for each subsidiary:

7 (1) The complete legal name, address, and contact information  
8 of the subsidiary;

9 (2) The structure of the organization of the subsidiary, including  
10 the names and titles of each of its members, directors, and officers,  
11 as well as a chart of its organizational structure;

12 (3) The complete bylaws and legal organization papers of the  
13 subsidiary;

14 (4) A complete report of the purpose, operations, mission, and  
15 projects of the subsidiary; and

16 (5) Any other information the subsidiary corporation deems  
17 important to include in the report.

18 d. Sixty days prior to the issuance of any debt by the subsidiary  
19 corporation, or the port authority on behalf of the subsidiary  
20 corporation, the port authority shall provide notice to the governor  
21 of each state, the majority leader of each house of the legislature of  
22 each state, the Chair of the Senate Finance Committee of New  
23 York, the Chair of the Senate Budget and Appropriations  
24 Committee of New Jersey, the Chair of the Assembly Ways and  
25 Means Committee of New York, and the Chair of the Assembly  
26 Budget Committee of New Jersey. For purposes of this section, as  
27 applicable to New York state “majority leader” shall mean speaker  
28 of the Assembly of the New York State Legislature or temporary  
29 president of the Senate of the New York State Legislature. For  
30 purposes of this section, as applicable to the State of New Jersey  
31 “majority leader” shall mean the President of the Senate or the  
32 Speaker of the General Assembly of the State of New Jersey.

33  
34 16. (New section) ARTICLE VII-C

35 Annual reporting. The port authority shall publish a  
36 comprehensive annual financial report, submitted annually to the  
37 governors and state legislatures of New York and New Jersey and  
38 made available on the port authority's website within 120 days after  
39 the end of its fiscal year. The annual report shall include the  
40 agency's financial statements, statistical and other regional data, and  
41 a narrative of the agency's activities during the year of the report.  
42 The annual report shall include:

43 a. an introductory section including:

44 (1) a letter of transmittal to the governors of New York and New  
45 Jersey;

46 (2) information regarding the board of commissioners, port  
47 authority officers and executive management;

- 1 (3) a letter to the board of commissioners from the chief  
2 executive officer of the port authority highlighting important  
3 developments;
- 4 (4) a description of major agency activities undertaken during  
5 the prior year; and
- 6 (5) a letter to the board of commissioners from the chief  
7 financial officer of the port authority with respect to the  
8 consolidated financial statements of the port authority.
- 9 b. a financial section including:
  - 10 (1) an independent auditor's report;
  - 11 (2) management's discussion and analysis;
  - 12 (3) financial statements;
  - 13 (4) its financial reports certified by the chair and vice-chair of  
14 the board, chief executive officer, and chief financial officer of the  
15 port authority, including (a) audited financials in accordance with  
16 generally accepted accounting principles, known as GAAP, and the  
17 accounting standards issued by the governmental accounting  
18 standards board, known as GASB, (b) grant and subsidy programs,  
19 (c) current ratings, if any, of its bonds issued by recognized bond  
20 rating agencies and notice of changes in such ratings, and (d) long-  
21 term liabilities, including leases and employee benefit plans;
  - 22 (5) a schedule of its bonds and notes outstanding at the end of  
23 its fiscal year, together with a statement of the amounts redeemed  
24 and incurred during such fiscal year as part of a schedule of debt  
25 issuance that includes the date of issuance, term, amount, interest  
26 rate and means of repayment including all refinancings, calls,  
27 refundings, defeasements and interest rate exchange or other such  
28 agreements; and
  - 29 (6) at a minimum a four-year financial plan, including (a) a  
30 current and projected capital budget, and (b) an operating budget  
31 report, including an actual versus estimated budget, with an analysis  
32 and measurement of financial and operating performance.
- 33 c. a statistical section presenting additional information as  
34 context for further understanding of the information in the financial  
35 statements, note disclosures and schedules, including (1) financial  
36 trends; (2) debt capacity; (3) operating and service data; (4)  
37 information on port authority operating results; (5) information on  
38 port authority capital program components; (6) information on port  
39 authority facility traffic; and (7) selected statistical, demographic  
40 and economic data on the New York-New Jersey metropolitan  
41 region.
- 42 d. a corporate information section providing:
  - 43 (1) a list of all real property of the port authority;
  - 44 (2) a list and full description of real property and personal  
45 property that has a sale price of over \$10,000 disposed of during the  
46 period, including the price received by the port authority and the  
47 name of the purchaser for all property sold by the port authority  
48 during the period;

1 (3) a compensation schedule that shall include, by position, title  
2 and name of the person holding such position or title, the salary,  
3 compensation, allowance and/or benefits provided to any officer,  
4 director or employee in a decision making or managerial position of  
5 such authority whose base salary is in excess of \$150,000;

6 (4) biographical information, not including confidential personal  
7 information, for all directors and officers and employees for whom  
8 salary reporting is required;

9 (5) a description of the authority and its board structure,  
10 including (a) names of committees and committee members, (b)  
11 lists of board meetings and attendance, (c) descriptions of major  
12 authority units and subsidiaries, and (d) number of employees;

13 (6) its mission statement, charter, if any, and by-laws; and

14 (7) a description of any material pending litigation in which the  
15 port authority is involved as a party during the reporting year.

16  
17 17. (New section) Audits and financial statements.

18 a. The port authority shall prepare financial statements on an  
19 annual basis, in accordance with generally accepted accounting  
20 principles, known as GAAP, and the accounting standards issued by  
21 the governmental accounting standards board, known as GASB.

22 b. The audit committee of the board of commissioners of the  
23 port authority shall arrange for an independent firm of certified  
24 public accountants to perform an audit of the financial statements of  
25 the port authority each year, in accordance with generally accepted  
26 accounting principles and standards referenced in subsection a. of  
27 this section. Each independent firm of certified public accountants  
28 that performs any audit required by P.L. , c. (C. ) (pending  
29 before the Legislature as this bill) shall timely report to the audit  
30 committee of the port authority:

31 (1) all critical accounting policies and practices to be used; and

32 (2) other material written communications, that is not privileged  
33 or confidential, between the independent firm of certified public  
34 accountants and the management of the port authority, including the  
35 management letter along with management's response or plan of  
36 corrective action, material corrections identified or schedule of  
37 unadjusted differences.

38 c. Every financial statement prepared pursuant to this section  
39 shall be approved by the board of commissioners. As a condition to  
40 the issuance of the annual financial statements of the port authority,  
41 the chief executive officer and the chief financial officer of the port  
42 authority shall be required to make a written certification to that  
43 effect that, to the best of their knowledge and belief, the financial  
44 and other information in the consolidated financial statements is  
45 accurate in all material respects and has been reported in a manner  
46 designed to present fairly the port authority's net assets, changes in  
47 net assets, and cash flows, in accordance with generally accepted  
48 accounting principles and standards referenced in subsection a. of

1 this section; and, that on the basis that the cost of internal controls  
2 should not outweigh their benefits, the port authority has  
3 established a comprehensive framework of internal controls to  
4 protect its assets from loss, theft, or misuse, and to provide  
5 reasonable (rather than absolute) assurance regarding the reliability  
6 of financial reporting and the preparation of the consolidated  
7 financial statements in accordance with generally accepted  
8 accounting principles and standards referenced in subsection a. of  
9 this section.

10 d. Notwithstanding any other provision of law to the contrary,  
11 the port authority shall not contract with an independent firm of  
12 certified public accountants for audit services to the authority if the  
13 lead or coordinating audit partner having primary responsibility for  
14 the audit, or the audit partner responsible for reviewing the audit,  
15 has performed audit services for the two previous fiscal years of  
16 such authority.

17 e. The port authority shall not contract with the independent  
18 firm of certified public accountants performing the port authority's  
19 audit for any non-audit services to such authority  
20 contemporaneously with the audit, unless receiving previous written  
21 approval by the audit committee including:

22 (1) bookkeeping or other services related to the accounting  
23 records or financial statements of such authority;

24 (2) financial information systems design and implementation;

25 (3) appraisal or valuation services, fairness opinions, or  
26 contribution-in-kind reports;

27 (4) actuarial services;

28 (5) internal audit outsourcing services;

29 (6) management functions or human services;

30 (7) broker or dealer, investment advisor, or investment banking  
31 services; and

32 (8) legal services and expert services unrelated to the audit.

33 f. The port authority shall not contract with an independent firm  
34 of certified public accountants for any audit service if the chief  
35 executive officer, comptroller, chief financial officer, treasurer, or  
36 any other person serving in an equivalent position for the authority,  
37 was employed by that independent firm of certified public  
38 accountants and participated in any capacity in the audit of the  
39 authority during the one year period preceding the date of the  
40 initiation of the audit.

41  
42 18. (New section) The port authority shall make accessible to  
43 the public via its website an executive summary of its most recent  
44 independent audit report unless such information is exempt from  
45 disclosure pursuant to either state's freedom of information laws.

46  
47 19. (New section) ARTICLE VII-D



- 1     Property disposition. Any sale of real property by the port  
2 authority shall be undertaken and conducted pursuant to the  
3 provisions of the existing laws governing the sale of real property  
4 by the port authority in the state in which such real property is  
5 located and by approval of the board of commissioners.
- 6     a. No disposition of real property, or any interest in real  
7 property, shall be made unless an appraisal of the value of such real  
8 property has been made by an independent appraiser and included  
9 in the record of the transaction, and, provided further, that no  
10 disposition of any other real property, which because of its unique  
11 nature or the unique circumstances of the proposed transaction is  
12 not readily valued by reference to an active market for similar real  
13 property, shall be made without a similar appraisal.
- 14     b. Disposal of real property for less than fair market value. No  
15 property owned, leased, or otherwise in the control of the port  
16 authority may be sold, leased, or otherwise alienated for less than  
17 its fair market value unless:
- 18         (1) the transferee is a government or other public entity, and the  
19 terms and conditions of the transfer require that the ownership and  
20 use of the real property will remain with the government or any  
21 other public entity; or
- 22         (2) the purpose of the transfer is within the purpose, mission, or  
23 governing statute of the port authority and a written determination  
24 is made by the board of commissioners that there is no reasonable  
25 alternative to the proposed below-market transfer that would  
26 achieve the same purpose of such transfer, prior to board approval  
27 of such a transfer.
- 28     c. The board shall adopt, within six months of the effective date  
29 of P.L.     , c.     (C.     ) (pending before the Legislature as this  
30 bill), appropriate rules and regulations concerning disposition,  
31 acquisition, and transfer of real property or any interest in real  
32 property by the port authority which shall, at a minimum, include a  
33 requirement that the following information be made available to the  
34 board of commissioners at the meeting where approval of such a  
35 disposition, acquisition or transfer is scheduled:
- 36         (1) a full description of the property;
- 37         (2) a description of the purpose of the disposition, acquisition,  
38 or transfer;
- 39         (3) a statement of the value to be received from such a  
40 disposition, acquisition, or transfer;
- 41         (4) the names of any private parties participating in the  
42 disposition, acquisition, or transfer; and
- 43         (5) in the case of a property disposition for less than fair market  
44 value, an explanation and a written determination by the board of  
45 commissioners that there is no reasonable alternative to the  
46 proposed below-market value that would achieve the same purpose  
47 of such disposition.

1 d. Not less than 10 days in advance of any meeting of the board  
2 of commissioners of the port authority at which the board of  
3 commissioners is to consider an action to authorize the sale of real  
4 property owned by the port authority, the chief executive officer of  
5 the port authority shall provide public notice of such proposed  
6 action along with relevant material terms and provisions of such  
7 sale including, but not limited to, the information made available  
8 pursuant to subsection c. of this section, by posting on the port  
9 authority's website.

10 e. The chief executive officer may authorize or arrange for  
11 contracts for the sale of personal property owned by the port  
12 authority upon such terms and conditions as the chief executive  
13 officer may deem proper and execute the same on behalf of the port  
14 authority where the value of such personal property is not in excess  
15 of \$1,000,000; provided, however, that personal property valued at  
16 more than \$250,000 shall not be sold by authority of the chief  
17 executive officer other than to the highest bidder after public  
18 advertisement. Where the value of such personal property is in  
19 excess of \$1,000,000, the sale of such property must be authorized  
20 by the board of commissioners of the port authority upon such  
21 terms as the board of commissioners may deem proper.

22 f. The port authority may retain brokers or third-party vendors  
23 that facilitate online auctions, or assist in disposing of surplus real  
24 and personal property of the port authority.

25  
26 20. (New section) Debt issuance.

27 a. The issuance of any bonds, notes or other instruments of  
28 indebtedness by the port authority shall be undertaken in a manner  
29 consistent with applicable laws governing the port authority and  
30 covenants with the holders of the port authority's bonds, notes or  
31 other instruments of indebtedness.

32 b. At least 60 days prior to the end of its fiscal year, the port  
33 authority shall submit to the governor, state comptroller, and  
34 legislature of each state a statement of intent in regards to the  
35 issuance of and overall amount of bonds, notes, or other debt  
36 obligations anticipated, at the time the statement is submitted,  
37 during the next fiscal year.

38  
39 21. (New section) Capital plan.

40 a. The port authority shall adopt a 10-year capital plan that is  
41 developed using a comprehensive planning process and risk-based  
42 prioritization that considers asset condition, operational and revenue  
43 impact, threat assessment, customer service, regional benefit, and  
44 regulatory or statutory requirements. The capital plan shall be  
45 dependent upon the availability of sufficient funding and other  
46 resources to pursue the capital projects proposed for the 10-year  
47 period. Performance progress and revisions to reflect changes in  
48 programs, policies and projects and the environment in which the

1 port authority operates shall be reviewed regularly by a committee  
2 designated by the board of commissioners, and the capital plan shall  
3 be revised periodically as necessary and appropriate, and shall be  
4 reviewed with the board of commissioners annually. The port  
5 authority shall publish an annual report on the status of the capital  
6 program and such report shall be made publicly available on the  
7 port authority's website. Prior to adoption of a capital plan, the port  
8 authority shall make the proposed plan available for public review  
9 and comments on its public website for at least two weeks prior to  
10 approval, and all comments received by the port authority are to be  
11 distributed to the board of commissioners for review prior to  
12 consideration of the capital plan.

13 b. The port authority shall also provide that major capital  
14 projects are monitored by independent engineering consultants.  
15 The independent consultants shall prepare annual reports to be  
16 provided to the board and made available to the public. The annual  
17 reports prepared by independent consultants shall include, but not  
18 be limited to, a comparison of actual and target performance  
19 measures including, but not limited to, costs and construction  
20 schedules, and a narrative explanation of any discrepancy thereof.  
21 For the purposes of this section: "Major capital project" means an  
22 undertaking or program for the acquisition, creation, or  
23 development of any crossing, transportation facility, or commerce  
24 facility or any part thereof, with an estimated total project cost in  
25 excess of \$500,000,000.

26 c. No less than 60 days prior to any board adoption of a capital  
27 plan, as described in subsection a. of this section, or any major  
28 revision of the last adopted capital plan, the port authority shall  
29 notify the Assembly and Senate of the New York state legislature  
30 and the General Assembly and Senate of the New Jersey state  
31 legislature of its intention to adopt a capital plan, or any major  
32 revision of the last adopted capital plan. In either case, the notice  
33 shall recite the major elements of the capital plan to be adopted.

34 d. Within 60 days of the notice provided in subsection c. of this  
35 section, the port authority shall conduct a public hearing about the  
36 capital plan or any major revision thereof in New York state and in  
37 the State of New Jersey.

38 e. The port authority shall conduct a status update public hearing  
39 in New York state and in the State of New Jersey at least once  
40 every three years after the adoption of the capital plan by the port  
41 authority. Such public hearing shall be known as "capital status  
42 update hearing" and at such hearing the port authority shall provide  
43 in detail a written description of the status of all capital plan  
44 projects and the costs and the expected costs of those projects. At  
45 such public hearing, the port authority shall provide a financing  
46 plan that identifies the source of funding for each project. The port  
47 authority shall provide an analysis that compares actual and target

1 performance measures, and a detailed written explanation of any  
2 discrepancy thereof at the public hearing.

3  
4 22. (New section) Operating budget.

5 The port authority shall prepare a detailed annual operating  
6 budget beginning with the fiscal year commencing after the  
7 effective date of P.L. , c. (C. ) (pending before the  
8 Legislature as this bill). A preliminary annual operating budget  
9 shall be made publicly available on the port authority's website in  
10 July of every fiscal year and a final annual operating budget shall be  
11 made publicly available in February of each fiscal year.

12  
13 23. Severability clause. If any clause, sentence, paragraph,  
14 subdivision, section or part of P.L. , c. (C. ) (pending before  
15 the Legislature as this bill) shall be adjudged by any court of  
16 competent jurisdiction to be invalid, such judgment shall not affect,  
17 impair, or invalidate the remainder thereof, but shall be confined in  
18 its operation to the clause, sentence, paragraph, subdivision, section  
19 or part thereof directly involved in the controversy in which such  
20 judgment shall have been rendered. It is hereby declared to be the  
21 intent of the legislature that P.L. , c. (C. ) (pending before  
22 the Legislature as this bill) would have been enacted even if such  
23 invalid provisions had not been included herein.

24  
25 24. This act shall take effect upon the enactment into law by the  
26 State of New York of legislation having an identical effect, but if  
27 the State of New York shall have already enacted such legislation,  
28 then this act shall take effect immediately.

29  
30  
31 STATEMENT

32  
33 This bill is to be known as the "Port Authority of New York and  
34 New Jersey Transparency and Accountability Act."

35  
36 *Officers*

37 The bill lists the officers of the Port Authority of New York and  
38 New Jersey (port authority) as the chairperson, vice chairperson,  
39 chief executive officer, general counsel, chief financial officer,  
40 chief ethics and compliance officer, inspector general, treasurer,  
41 comptroller, and secretary. Commissioners are not permitted to  
42 serve as the chief executive officer, general counsel, chief financial  
43 officer, chief ethics and compliance officer, inspector general,  
44 comptroller, or any other equivalent position.

45  
46 *Rotating chairperson and vice chairperson*

47 Under the bill, the chairperson and vice chairperson serve two-  
48 year terms with the first chairperson to be selected among the

1 commissioners appointed from New York and the first vice  
2 chairperson to be selected among the commissioners appointed  
3 from New Jersey. Every two years thereafter, the chairperson and  
4 vice chairperson, respectively, are selected from the opposite state  
5 of the previous chairperson and vice chairperson.

6  
7 *Roles and responsibilities of the commissioners*

8 The board of commissioners (board) is required to promulgate a  
9 commissioner's oath of office in consultation with the chief ethics  
10 and compliance officer. Commissioners are required to take a  
11 fiduciary oath, file annual financial disclosure statements,  
12 participate in training approved by the chief ethics and compliance  
13 officer regarding their legal, fiduciary, financial, and ethical  
14 responsibilities, and recuse themselves from voting on, or  
15 participating in, discussion with respect to an item if the  
16 commissioner or a member of the commissioner's immediate  
17 family, or a business in which the commissioner has interest, or has  
18 a direct or indirect financial involvement that may reasonably be  
19 expected to impair their objectivity or independent judgment or that  
20 may reasonably create the appearance of impropriety. A  
21 commissioner is required to report a need for recusal to the general  
22 counsel when it arises.

23 In addition to commissioners, the chief executive officer, chief  
24 ethics and compliance officer, chief financial officer, general  
25 counsel, comptroller, treasurer, inspector general, employees who  
26 hold policy-making positions, and employees whose base salaries  
27 exceed \$150,000 are required to file annual financial disclosure  
28 statements. Financial disclosures required under the bill are to be  
29 made available on the port authority's website.

30 The bill requires the board to adopt a mission statement that the  
31 port authority's mission is to meet the critical transportation needs  
32 of the bi-state region's people, businesses, and visitors by providing  
33 the highest quality and most efficient transportation and port  
34 commerce facilities and services to move people and goods within  
35 the region, provide access to the nation and the world, and promote  
36 the region's economic development.

37 The bill requires the board to: adopt a code of conduct applicable  
38 to commissioners, employees, and vendors and other contractors  
39 with the agency based upon the recommendations of the chief ethics  
40 and compliance officer that, at minimum, includes the applicable  
41 standards established by law in each state; establish a whistleblower  
42 program to protect employees from retaliation for disclosing  
43 information concerning acts of wrongdoing, misconduct,  
44 malfeasance, or other inappropriate conduct; establish a policy  
45 requiring all commissioners, officers, and employees with decision-  
46 making authority to maintain records regarding interaction with  
47 lobbyists; and have efficiency studies of the port authority and its  
48 operations conducted by an independent entity.

1     *Committees*

2         The bill requires the board to establish a committee structure that  
3     is to include, but is not limited to, committees overseeing  
4     governance responsibility, audit responsibility, and finance  
5     responsibility. The bill requires each committee established by the  
6     board to promulgate a written charter, to be approved by the board,  
7     which is to be made available to the public and posted on the port  
8     authority's website.

9

10    *Whistleblower access and assistance program*

11         The chief ethics and compliance officer is required to  
12     recommend to the board a whistleblower access and assistance  
13     program to be administered by the inspector general for the  
14     protection of employees from retaliation for disclosing information  
15     concerning acts of wrongdoing, misconduct, malfeasance, or other  
16     inappropriate conduct.

17

18    *Inspector general*

19         The bill provides that the inspector general is responsible for  
20     receiving and investigating, where appropriate, all complaints  
21     regarding fraud, waste, and abuse by commissioners, officers, and  
22     employees of the port authority or third-parties doing business with  
23     the port authority. The inspector general is to determine with  
24     respect to allegations received by the inspector general whether  
25     disciplinary action or civil prosecution by the port authority is  
26     appropriate, and whether the matter should be referred to an  
27     appropriate governmental agency for further action. The inspector  
28     general is required to prepare and make available to the public  
29     written reports of completed investigations, as appropriate and to  
30     the extent permitted by law, subject to redaction to protect the  
31     confidentiality of witnesses. The release of all or portions of  
32     reports may be deferred to protect the confidentiality of ongoing  
33     investigations.

34

35    *Open meetings*

36         The bill provides that all meetings of the port authority are to be  
37     open to the public and members of the news media unless a  
38     majority of the commissioners votes that a portion of the meeting  
39     may be conducted in closed session. The port authority may only  
40     exclude the public if the discussion concerns: a matter in which the  
41     release of information would impair a right to receive funds from  
42     the government of the United States; material the disclosure of  
43     which constitutes an unwarranted invasion of individual or personal  
44     privacy; a collective bargaining agreement; a matter involving the  
45     purchase, lease, or acquisition of real property with port authority  
46     funds, the proposed acquisition of securities, or sale or exchange of  
47     securities held by the port authority, or investment of port authority  
48     funds, if it could adversely affect the public interest if discussion of

1 the matters were disclosed; matters which will imperil the public  
2 safety if disclosed; pending or anticipated litigation or contract  
3 negotiation in which the port authority is, or may become, a party,  
4 or matters falling within the attorney-client privilege, to the extent  
5 that confidentiality is required in order for the attorney to exercise  
6 the attorney's ethical duties as a lawyer; contract negotiations the  
7 disclosure of which would imperil the port authority's position or an  
8 outcome in the best interest of the authority, its mission, and the  
9 public; a matter involving the employment, appointment,  
10 termination of employment, terms and conditions of employment,  
11 evaluation of the performance of, promotion, or discipline of any  
12 specific prospective officer or employee or current officer or  
13 employee employed or appointed by the port authority; or  
14 deliberations of the port authority occurring after a public hearing  
15 that may result in the imposition of a specific civil penalty upon the  
16 responding party or the suspension or loss of a license or permit  
17 belonging to the responding party as a result of an act or omission  
18 for which the responding party bears responsibility.

19 In addition, the port authority is required to make available to the  
20 public all meeting agendas at least 72 hours before each meeting of  
21 the board and each meeting of each committee. Public notice of the  
22 time and place of a meeting is to be provided to appropriate media  
23 outlets, conspicuously posted in one or more designated areas, and  
24 conspicuously posted via the port authority's official website at  
25 least five business days before the meeting. The bill also requires  
26 the port authority to send the agenda and public documents  
27 pertaining to a board or committee meeting to the public  
28 information office of each state's legislature at least 72 hours before  
29 the meeting.

30 The bill also requires the board to make all reasonable efforts to  
31 ensure that meetings are held in facilities that permit barrier-free  
32 physical access to people with disabilities. If the board determines  
33 to use videoconferencing or similar technology to conduct its  
34 meetings, it shall provide an opportunity for the public to attend,  
35 listen, and observe the meeting.

36 The bill requires that the public be given at least 30 minutes, or  
37 longer when necessary, to speak on any topic on the agenda prior to  
38 the board taking action.

39 The bill requires the port authority to keep reasonably  
40 comprehensible minutes of all its meetings showing the time and  
41 place, the members present, the subjects considered, the actions  
42 taken, and the vote or recusal of each member which are to be  
43 promptly available to the public. Minutes of each meeting are to be  
44 available to the public within two weeks from the date of the  
45 meeting. Each item on an agenda is to be voted on separately.

46 Within six months of the effective date of the bill, the board is  
47 required to adopt rules and regulations concerning the proper notice

1 to the public and news media of board meetings and the right of the  
2 public and news media to be present at board meetings.

3

4 *Toll or fare increases*

5 The board is required to have a needs assessment conducted by  
6 an independent entity prior to any increase in tolls for the use of any  
7 port authority bridge or tunnel, or fares for the use of the port  
8 authority trans-Hudson corporation (PATH) rail system. The  
9 assessment is to be presented by the independent entity to the board  
10 at a public meeting to be held at least 90 days prior to any meeting  
11 of the board to vote to any increase in the tolls for the use of any  
12 port authority bridge or tunnel, or fares for the use of the PATH rail  
13 system.

14 The bill also requires the port authority to hold at least six public  
15 hearings not less than 30 days and not more than 90 days prior to  
16 any vote or action taken by the board relating to any increase in the  
17 tolls for the use of any port authority bridge or tunnel, or fares for  
18 the use of the PATH rail system. The locations for public hearings  
19 are to be selected in such a way as to be geographically accessible  
20 to a majority of users of the facility or facilities to be impacted by  
21 the toll or fare increase, as determined by port authority data,  
22 provided that at least one hearing is held in each state.

23 In addition, at least 72 hours before the first hearing on a toll or  
24 fare increase, the port authority is required to make available to the  
25 public: the amount of revenue expected to be generated from the  
26 increase in tolls or fares; a detailed explanation of how the revenue  
27 raised from the increase in tolls or fares is expected to be spent; and  
28 a written explanation of why the increase in tolls or fares is  
29 necessary.

30 The port authority is required to ensure that the requirements for  
31 toll or fare increases are complied with before placing any item or  
32 matter relating to an increase in tolls or fares on a meeting agenda.

33

34 *Appearing before legislative committees*

35 The port authority, at the request of the presiding officer of each  
36 house of the state legislature of New York or New Jersey, is  
37 required to appear before a committee of the requesting state  
38 legislature to present testimony on any topic or subject requested by  
39 the committee or to respond to questions by members of the  
40 committee. Each house of each state legislature is entitled to  
41 request two appearances by the port authority per calendar year.

42

43 *Subsidiaries*

44 No less than 60 days prior to the formation of a subsidiary, the  
45 port authority is required to provide notice to the governor of each  
46 state, the majority leader of each house of the legislature of each  
47 state, the Chair of the Senate Finance Committee of New York, the  
48 Chair of the Senate Budget and Appropriations Committee of New



1 Jersey, the Chair of the Assembly Ways and Means Committee of  
2 New York, and the Chair of the Assembly Budget Committee of  
3 New Jersey that it will be creating a subsidiary. The creation of a  
4 subsidiary corporation is subject to approval by the board.

5 Within 60 days of the effective date of the bill, and on or before  
6 the first day of January of each year annually thereafter, any  
7 subsidiary corporation, in cooperation with the port authority, is  
8 required to provide to the governor and legislature of each state a  
9 report on the subsidiary corporation containing information required  
10 under the bill.

11 Sixty days prior to the issuance of any debt by the subsidiary, or  
12 the port authority on behalf of the subsidiary, the port authority is  
13 required to provide notice to the same individuals required to  
14 receive notice for the formation of a subsidiary.

15  
16 *Annual reporting*

17 The port authority is required to publish a comprehensive annual  
18 financial report, submitted annually to the governors and state  
19 legislatures of New York and New Jersey and made available on the  
20 port authority's website within 120 days after the end of its fiscal  
21 year. The annual report is required to include the agency's financial  
22 statements, statistical and other regional data, and a narrative of the  
23 agency's activities during the year of the report.

24  
25 *Audits and financial statements*

26 The bill requires the port authority to prepare financial  
27 statements on an annual basis, in accordance with generally  
28 accepted accounting principles and the accounting standards issued  
29 by the governmental accounting standards board. The audit  
30 committee is required to arrange for an independent firm of  
31 certified public accountants to perform an audit of the financial  
32 statements each year. The bill requires the chief executive officer  
33 and chief financial officer to make written certifications of the  
34 accuracy of the financial statements. The bill provides safeguards  
35 to ensure that the firm conducting the audit is independent.

36 The port authority is required to make accessible to the public  
37 via its website an executive summary of its most recent independent  
38 audit report unless the information is exempt from disclosure  
39 pursuant to either state's freedom of information laws.

40  
41 *Property disposition*

42 The bill provides certain requirements for the disposition of  
43 property owned by the port authority. Any sale of real property is  
44 to be undertaken and conducted pursuant to the provisions of the  
45 existing laws governing the sale of real property in the state in  
46 which the real property is located and by approval of the board of  
47 commissioners.

1       The port authority is not permitted to dispose of real property  
2 unless an appraisal of the value of the real property has been made  
3 by an independent appraiser and the appraisal is included in the  
4 record of the transaction.

5       The port authority is not permitted to sell, lease, or otherwise  
6 alienate property for less than fair market value unless: the  
7 transferee is a government entity or other public entity and the  
8 terms and conditions of the transfer require that the ownership and  
9 use of the real property will remain with the government or any  
10 other public entity; or the purpose of the transfer is within the  
11 purpose, mission, or governing statute of the port authority and a  
12 written determination is made by the board that there is no  
13 reasonable alternative to the proposed below-market transfer that  
14 would achieve the same purpose, prior to board approval of the  
15 transfer.

16       The bill requires the board to adopt rules and regulations  
17 concerning disposition, acquisition, and transfer of real property or  
18 any interest in real property which, at a minimum, includes a  
19 requirement that certain information be made available to the board  
20 at the meeting where approval is scheduled.

21       Not less than 10 days in advance of any meeting of the board at  
22 which the board is to consider an action to authorize the sale of real  
23 property, the chief executive officer is required to provide public  
24 notice of the proposed action along with relevant material terms and  
25 provisions of the sale by posting the information on the port  
26 authority's website.

27       The chief executive officer may authorize or arrange for  
28 contracts for the sale of personal property owned by the port  
29 authority upon terms and conditions as the chief executive officer  
30 deems proper and execute the contract on behalf of the port  
31 authority where the value of the personal property is not in excess  
32 of \$1,000,000; provided, however, that personal property valued at  
33 more than \$250,000 is not to be sold under the authority of the chief  
34 executive officer other than to the highest bidder after public  
35 advertisement. Where the value of the personal property is in  
36 excess of \$1,000,000, the sale of the property is dependent on  
37 authorization by the board.

38

39 *Debt issuance*

40       The issuance of any debt by the port authority is required to be  
41 undertaken in a manner consistent with applicable laws governing  
42 the port authority and covenants with the holders of the port  
43 authority's bonds, notes, or other instruments of indebtedness. At  
44 least 60 days prior to the end of its fiscal year, the port authority is  
45 required to submit to the governor, state comptroller, and legislature  
46 of each state a statement of intent in regards to the issuance of and  
47 overall amount of bonds, notes, or other debt obligations anticipated  
48 during the next fiscal year.

1     *Capital plan and operating budget*

2     The bill requires the port authority to adopt a 10-year capital  
3     plan that is developed using a comprehensive planning process and  
4     risk-based prioritization that considers asset condition, operational  
5     and revenue impact, threat assessment, customer service, regional  
6     benefit, and regulatory or statutory requirements. Performance  
7     progress and revisions to reflect changes in programs, policies, and  
8     projects and the environment in which the port authority operates is  
9     required to be reviewed regularly by a committee designated by the  
10    board, and the capital plan may be revised periodically as necessary  
11    and appropriate, and is required to be reviewed with the board  
12    annually. The bill requires port authority to publish an annual  
13    report on the status of the capital program and the report is to be  
14    made publicly available on the port authority's website. Prior to  
15    adoption of a capital plan, the port authority is also required to  
16    make the proposed plan available for public review and comments  
17    on its public website for at least two weeks prior to approval, and  
18    all comments received by the port authority are to be distributed to  
19    the board of commissioners for review prior to consideration of the  
20    capital plan.

21    The port authority is required to provide that major capital  
22    projects are monitored by independent engineering consultants.  
23    The independent consultants are to prepare annual reports which  
24    will be provided to the board and made available to the public. A  
25    major capital project is defined to mean certain projects with an  
26    estimated cost in excess of \$500,000,000.

27    No less than 60 days prior to adoption of a capital plan, or any  
28    major revision of a capital plan, the port authority is required to  
29    notify both houses of each state legislature of the intention to adopt  
30    or revise a capital plan. Within 60 days of the notice, the port  
31    authority is required to conduct a public hearing about the capital  
32    plan, or major revision thereof, in New York and New Jersey.

33    The bill requires the port authority to conduct a status update  
34    public hearing in New York and New Jersey at least once every  
35    three years after the adoption of the capital plan.

36    The bill requires the port authority to prepare a detailed annual  
37    operating budget beginning with the fiscal year commencing after  
38    the effective date the bill. A preliminary annual operating budget is  
39    to be made publicly available on the port authority's website in July  
40    of every fiscal year and a final annual operating budget is to be  
41    made publicly available in February of each fiscal year.